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Human Events — YOUR WASHINGTON REPORT

Vol. No. XIX, No. 19 — May 12, 1962 — Section 1 — News

**BUSINESS:** *No thaw after meeting JFK* ....(335)

**MEDICARE:** *White House lobbies for it* ....(335)

**GRASS ROOTS:** *Are those polls wacky?* ....(336)

**RED TRADE:** *The Battle Act threatened* (337)

**ECONOMY:** *Our soaring budget analyzed* (338)

**Beginning of Wisdom:** A typical cross section of American business gathered in Washington last week, at the annual Chamber of Commerce convention, and demonstrated that finally American businessmen (most of them from small firms) realize clearly that President Kennedy is "anti-business." JFK convinced them himself.

This business discovery—that a smooth-talking Chief Executive actually heads a Fabian socialist Administration—was spurred by the following on-the-spot reactions of businessmen to JFK's verbally silken attempt at "reconciliation."

(1) The C of C conventioneers noted that the President did not offer an apology for his high-handed actions during the U. S. Steel crisis, nor did he abjure any repetition of the same in the future.

(2) He uttered no promise to deal firmly with the labor bosses.

(3) He announced no across-the-board tax relief on depreciation for business—the only step, many agreed, capable of dispelling the rising discontent among businessmen.

Frederick Champ, a businessman from Logan, Utah, and former director of the Chamber, commented: "He didn't fool me a bit. He just paid lip service to business. Basically, his program is anti-business . . ." This reaction typified the sentiment of the C of C meeting.

Significant, also, was the fact that Richard Wagner, retiring President of the C of C, followed JFK on the rostrum with a speech defending Big Steel's price increase. Wagner is an oil man.

The off-the-record remarks in the corridors reflected harsher feelings towards the White House. Some present complained that the President was late in arriving and "didn't apologize to us for keeping us waiting." Many were sarcastic about the Kennedy-owned Merchandise Mart which raised rents on expiring leases the day JFK cracked down on Steel for raising prices. Finally, there was much talk about the opprobrious epithet which Kennedy, during the steel crisis, reportedly used about businessmen. (For the full, documented story see Commentary this week, page 351.)

But what can these businessmen do about it? They got the answer from Maurice Stans, Director of the Budget under Ike. After emphasizing the risk of a "socialist state" and "dictatorship" which we face, Stans wound up his speech with a frank call for political action by businessmen. The former Eisenhower aide, now of Los Angeles and prominent in the GOP campaign in California to defeat Democratic Governor Edmund "Pat" Brown, strongly urged members of the Chamber of Commerce to contribute as much as five per cent of their salaries to support political candidates "whose views are closest to your own." He was roundly applauded.

**JFK's Mammoth Medicare Lobby:** The New Frontier isn't sparing the horses—or for that matter the taxpayers—in its high pressure lobbying assault to push through the medicare bill.

Congressmen returning from the Easter recess tell HUMAN EVENTS that considerable pressure is being exerted in their districts by well-organized "senior citizens groups" supporting the King-Anderson bill to finance medical care for the aged under social security.

*One House member who is a doctor himself, Durward G. Hall (R.-Mo.), remarked that much of his pro-medicare mail is of the form-letter variety, but that the campaign is nonetheless extensive.*

It now comes to light that this mammoth medicare lobby is being braintrusted right from the executive offices of the White House. The New York *Herald Tribune* reports that some ten White House staffers have been working full-time for over three months directing the activities of groups favoring the Administration's bill. Thus the taxpayer has been involuntarily thrust into the fray on JFK's side.

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The organization coordinating the lobbying activities of numerous pro-medicare senior citizens groups is the National Council of Senior Citizens for Health Care Through Social Security. This group is sending its material directly from the White House. Reportedly financed by such unions as the Steelworkers and the United Auto Workers, the National Council of Senior Citizens is led by people who also headed Senior Citizens for Kennedy during the 1960 campaign.

**HUMAN EVENTS finds that, aside from the White House operation, this outfit is carrying on extensive lobbying activities from a plush set of suites in a high-priced Capitol Hill apartment house.**

Many observers believe that JFK is using the medicare issue as a means of insuring the political allegiance of millions of older citizens. The director of the Senior Citizens is former Democratic Representative and Kennedy political ally Aime J. Forand. Upon launching his drive to unite senior citizens groups last August, Forand told them his purpose was to "weld senior citizens organizations and millions of interested individuals from all over the country into one strong and effective voice in Washington."

**Hiss to White House?:** Add another to the growing list of similarities between JFK and FDR —the entertainment of well-known leftist characters in the White House.

Senator Karl Mundt (R.-S.D.), upon viewing a White House guest list published last week, wondered whether Alger Hiss would be entertained some day soon. What nettled Mundt was the fact that the dinner, honoring Nobel prize winners, was attended by Dr. Linus Pauling, Lester Pearson and non-prize winner J. Robert Oppenheimer. Oppenheimer was denied security clearance by the Atomic Energy Commission in 1954. Well-known unilateral disarmament advocate Pauling had picketed the White House the day before the dinner in protest over resumption of nuclear tests. Canadian Pearson clashed with the US Senate several years ago over his role in the Igor Gouzenko and Herbert Norman spy cases.

The guest list, incidentally, was prepared by Arthur Schlesinger, Jr., who no doubt scanned it thoroughly to insure that the President wouldn't be embarrassed by the presence of any right-wing extremists.

**Grass-Roots Thinking:** On a recent TV program liberal commentator Howard K. Smith asserted that most GOP congressmen are out of step with the thinking of the people. Pollster George Gallup, interviewed by Smith, agreed, stating that the people back JFK's program.

Not so, say Republicans returning from their Easter recess with grass-roots samplings. Representatives Robert Stafford of Vermont, Donald Clancy of Ohio and Durward Hall of Missouri told HUMAN EVENTS that their constituents are worried —very worried—over the spending engendered by the President's program. One GOP lawmaker polled supermarket customers in his district and found that, although four out of five people liked JFK personally, only one in ten favored his program.

Chicago Republican Edward Derwinski remarked to HUMAN EVENTS: "My people are very much concerned with foreign policy. They feel that we are drifting and not holding our own."

California's Bob Wilson reported that not only did home-going Democrats not praise the Kennedy legislative program but, once they felt "the temper of the people," actually tried to disassociate themselves from it.

**Berlin:** Following French and German warnings about the path of appeasement on Berlin pursued by the Kennedy Administration, the US Senate has suddenly sprung to life on the issue. Last week Republican Hugh Scott (Pa.), in a major speech delivered in the Senate chamber, voiced alarm that the US may "dilute" the right of access to West Berlin through a proposed new international agency.

Scott urged the chairmen of the Senate committees on Armed Services and Foreign Relations to seek the views of General Lucius D. Clay on any proposed Berlin arrangement. Clay, who headed a special US mission in Berlin, has expressed strong reservations on US policy for that Western outpost in the heart of East Germany. Hampered by the State Department in carrying out his mission to counter Communist tactics in Berlin, Clay was relieved of his duties there May 1.

*"For the life of me," said Scott, "I can't understand how a country dedicated to the principles of individual and national freedom can negotiate or propose to negotiate on the basis of new limitations upon the people of West Berlin, indeed, upon the rights of the Western world . . ."*

Senator Jacob Javits (R.-N.Y.) also joined Scott in sharply criticizing our Berlin policy.

**Scandal in Agriculture:** A clamor grows in the press and on Capitol Hill for Agriculture Secretary Orville Freeman to clean up his political barnyard. The furor grows out of the now celebrated Billie Sol Estes case, but many believe there is still a lot of farm funny business left uncovered.

The New York *Herald Tribune's* Earl Mazo reports that Freeman appointed Estes "to the Administration's highest cotton policy recommending agency last year at a time when the Agriculture Department knew Estes was profiting by illegal cotton acreage manipulations . . ." Mazo said Freeman appointed Estes to the post two months after the department "had quietly fined Estes $48,000 for one serious infraction of the acreage control regulations."

In a recent letter to Freeman, Kansas Republican Robert Dole, a member of the House Agriculture



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Committee, called for an "immediate inquiry" in order to "clarify the entire situation." It is known Dole has reason to believe that the Agriculture corruption mess goes deeper than the Estes case.

**Last week the Republican congressional leadership jumped into the fray by calling for a "sweeping congressional investigation" of the Agriculture Department.**

House leader Halleck said that not only is the Estes case itself a "major scandal," but all financial operations of Freeman's department should be immediately investigated. Senate leader Dirksen said there was little evidence the Democrats are interested in going into the matter—"apparently the lid is on."

**Red Trade:** Informed sources in the Nation's Capital charged last week the White House is continuing its campaign to emasculate the Battle Act, the chief American weapon for blocking US and free world strategic trade with Communist countries. (These reports undercut testimony by US officials last week that the Administration wants to limit this trade.)

President Kennedy, himself, according to these informants, has told the State Department administrators of the Act he has no use for this law passed by Congress in 1951.

Under this law, American firms are not allowed to ship certain strategic items to the Red bloc and the President is authorized to cut off foreign aid to any country sending such goods to Soviet-dominated nations.

Nevertheless, the Kennedy Administration has been waging all-out war against the Act as a result of recommendations by Under Secretary of State George W. Ball. Last year—after Ball's recommendations—the Administration sponsored an amendment to the Battle Act which would have permitted the President to furnish aid to a non-Communist country even though the country failed to give assurances to put an embargo on shipments of strategic materials to the Communist bloc.

This amendment—which passed the Senate—now lies dormant in the House Foreign Affairs Committee. So now, in order to reduce the Act's effectiveness, the Administration has devised a new scheme: eliminating the policemen who enforce the Act.

To help achieve this end the Administration last year sliced in half (from 28 to 14) the section in the State Department's Bureau of Economic Affairs which has primary responsibility for carrying out the Battle Act. Moreover, in other government sections, 35 key personnel who previously worked on enforcing the Act's provisions were relieved of this activity earlier this year.

**Leftward, Ho!:** In a moment of truth last week, President Kennedy shed the "moderate" cloak he wears before the public just long enough to embrace an old and true friend: the left-wing, extremist Americans for Democratic Action. The President, who has placed some 30-odd past and present ADA'ers in high places in his Administration, sent a message of praise to the ADA for "effective service" to government on its 15th anniversary convention held in Washington.

Knowing where its intellectual bread is buttered, the ADA warmly returned the President's affection. Arthur Schlesinger, Jr., a charter ADA member and an assistant to the President, received a special award for his "intellectual and political" contributions to the goals of the ADA.

The keynote speech was given by Robert Nathan. This long-time New Dealer praised Kennedy highly for his new trade bill which would allow foreign firms to increase sales to the American market, and he called for a vast hike in foreign aid. The press did not mention that Nathan is a registered agent for Afghanistan, Israel and El Salvador.

Although the President was chided by the socialist-minded economist, Leon Keyserling, for not clobbering Big Steel hard enough, in general he was extolled to the point of embarrassment. The highest praise came from the ADA's retiring National Chairman, Samuel H. Beer, of Harvard. In Laos, Berlin, the Congo, in his "wise and skillful support of the United Nations," said Beer, "the President has made the best possible choices . . . The tone and temper of this Administration is like the tone and temper of ADA . . ."

**NATO and the Atom:** Voices of "accommodation with the Russians" were apparently gaining the ear of the President last week. Barely a week after he had resumed atomic testing to show the Russians we will not kow-tow to their bidding, Kennedy beat a hasty retreat from his initially firm stance.

Press reports related the President was now seriously studying new proposals dreamed up by his scientific and disarmament experts to halt atmospheric tests unilaterally after the current series.

*We would refuse to test in the atmosphere—if these proposals are adopted—even if the Russians decided to do so immediately after our present series is concluded.*

The liberal magazine *Newsweek*, now owned by the ADA-supporting Washington *Post*, last week spelled out the thinking of these highly influential advisers. These elements—among them Dr. Hans Bethe—say they see a "silver lining" in the fact Russia may have improved its weaponry in its recent tests. If the Soviets achieve nuclear parity with the US—so the theory runs—there will be a good chance for disarmament. According to *Newsweek*, these advisers hope the US will not achieve

**Mrs. Audrey Fisher, Los Altos, California; Republican Candidate for State Assembly (22nd District) and Lifetime Subscriber to HUMAN EVENTS:** "I feel that without HUMAN EVENTS I would be uninformed on national political and governmental affairs."



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any nuclear breakthroughs in the current series of tests since any breakthrough would supposedly "escalate" the arms race.

Moreover, the thinking of these advisers has resulted in fewer tests than the Defense Department had urged.

America's testing policy, coupled with the Rostow-Nitze doctrine now governing NATO, is causing considerable alarm among both the French and the Germans. Under the Rostow-Nitze policy, the US does not plan on NATO's using tactical nuclear weapons until after an all-out massive assault on Europe has begun. Since America has control of NATO's nuclear trigger, the French and Germans are afraid we will not have the resolve to use these weapons until the ball game is practically over.

These are the problems Secretary of State Dean Rusk will have to work out with our allies in his coming trip to Europe.

**California:** State legislators in California—both Democratic and Republican—are laying down a heavy barrage of fire against William E. Warne, Governor Brown's appointee as Director of the Department of Water Resources. Warne is being accused of gross extravagance, empire building and lax accounting.

Senator Hugh Burns (D.-Fresno), President *pro tempore* of the State Senate, accused Warne of "blowing the taxpayers' money without authority at $50,000 a pop." Republican Assemblymen Howard J. Thelin (Glendale) and John Busterud (San Francisco) have demanded Warne be fired. The Governor, however, defends his man.

**Accusations against Warne are hardly new. The US Congress' House Government Operations Committee, composed of 17 Democrats and 13 Republicans, tore into Warne's activities in heading a foreign aid mission to Iran in the early 1950's.**

According to the 1957 committee report, the controller for the aid mission, Daniel Reeves, informed Warne the mission was spending money unwisely. Warne retaliated by relieving Reeves of his duties. When another audit of the mission's spending substantiated Reeve's findings, Warne called the audit "harsh and inaccurate."

Yet rumors are floating around California that Warne is being considered for employment by the new foreign aid agency, the Agency for International Development. Press reports indicate that present AID chief, Fowler Hamilton, may soon be out of a job and there is speculation Warne might replace him. Staffers of the House Government Operations Committee said this would be an "incredible" development.

**Pattern of Poverty:** Representative John J. Rhodes (R.-Ariz.) last week labeled President Kennedy's spending proposals a "pattern for poverty" in an 11-page economic report issued by the GOP House Policy Committee.

The Rhodes report stated that, although JFK envisioned a half billion dollar budget surplus for fiscal 1963, a close analysis of his spending programs shows that they could cause a deficit of at least seven billion. The report found that expenditures for fiscal 1963 could exceed $97 billion instead of the $93 billion (already a record) forecast by the President. In addition, Rhodes estimated that federal revenues for the coming fiscal year would not exceed $90 billion, as opposed to the $93.5 billion predicted by the Administration.

The report showed that implementation of the various Kennedy programs would bring the budget up to $120 billion in five years.

A member of the House Appropriations Committee, Rhodes concluded: "Sooner or later we are going to have to account for this reckless misuse of public money. As it is now, we can expect that our children and their offspring are going to be paying our bills for decades to come."

**Capitol Camera:** Which Republican can best take on Governor Edmund G. "Pat" Brown in the gubernatorial election next fall? The Field California poll released these figures on Brown vs. Nixon: Brown 45, Nixon 42, undecided 13. Nixon's opponent in the GOP primary is State Senator Joseph Shell. This is how the Field Poll rates him: Brown 42, Shell 34, undecided 24. Recently, Nixon has been descending in polls, Shell rising. These figures have stirred intense discussion among GOP politicos.

• *New York City's Mayor Wagner sent up some fireworks last week by announcing he wouldn't run for Governor against Nelson Rockefeller. It was rumored he might back little known city council member Paul Schrevane. GOP National Chairman William E. Miller stated that Wagner would hop back into the race if JFK ordered him to. For the moment the only announced Democratic candidate is upstate Representative Samuel Stratton.*

• The GOP National Committee reports that the Administration is spending $29,265 of the taxpayer's money on a most interesting project—revamping Lyndon Johnson's private airport in Texas.

Published weekly at 410 First Street, S. E., Washington 3, D. C. TRIAL SUBSCRIPTIONS: 5 weeks $1. Yearly rate $12.50; 6 months $6.50; 3 months $3.50. Second-class postage paid at Washington, D. C.

Bound Volume indexed: First six months, 1961, $15. Second six months, 1961, $15. 1956 and 1960 Bound Volumes, $20. Dateline Washington: The Best of HUMAN EVENTS, 1955 — 1960 $15.

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HUMAN EVENTS

--- COMMENTARY ---

*It is not the function of our government to keep citizens from falling into error; it is the function of the citizen to keep the government from falling into error.*

*—Supreme Court Justice Robert H. Jackson*

Vol. XIX, No. 19—Section II

May 12, 1962

# JFK's Steel Victory Alarms Liberals, Too

The *New Republic* is a liberal organ, but with an independent bent. Its April 30 issue contains a full-length article by Charles A. Reich, associate professor of law at Yale University. Titled "Another Such Victory . . .," it expresses alarm over the President's "victory" over U. S. Steel in the pricing crisis.

No article by conservatives has sounded a warning in more vigorous language. Here are sentences from the article indicating its tone:

"The very immensity of government power demands . . . that it be used in a disinterested manner, and only for the exact purposes intended. Any other use gives a President the ability to force people to do things which under the law he has no right to require. It means that people offend the President at their peril.

" . . . It was dangerously wrong for an angry President to loose his terrible arsenal of power for the purpose of intimidating and coercing private companies and citizens.

" . . . [H]ow far can a President go in demanding, without the authority of legislation, that private business conform to administration policy?

" . . . Freedom has little meaning if it only allows action that 'responsibly' conforms to the President's idea of the national interest.

" . . . [Kennedy's] victory is still disquieting. It demonstrates how much power government has today. Such power, no matter how wisely exercised, is hardly any less frightening because the victim forced to surrender was a group of corporate giants and not a small business or a private citizen.

"Who, no matter what his legal rights, will challenge the President hereafter? Most businesses are more, not less, in need of favorable public opinion than steel. . . . Private citizens, having seen giants felled, are not likely to take on the victor.

"Much of what Mr. Kennedy accomplished by pressure of government power he will hereafter be able to command by the subtlest suggestion. The description of the defeated Mr. Blough, calling on the President to find out what the steel industry should do next, is an ominous picture of the future. Will business now come crawling to government to seek its pleasure? And, what is more important, will individual citizens fear to disagree with 'national policy'? President Kennedy's victory may have advanced peace and plenty, but it did no service to freedom."

*Brother Bobby Explains the Kennedy Stand*

WE ARE NOT ANTI-BUSINESS - AS A MATTER OF FACT, WE'RE TRYING TO HELP BUSINESS ALONG!
NEW FRONTIER POLICY
BUSINESS
KNOX
NASHVILLE BANNER

*REMEMBER THE POPULISTS?*—"Yesterday's display of temper [April 11] at most official levels in the National Administration could have been taken directly out of the history of the happenings at the Populist National Convention in Omaha in July of 1892. 'Anything that happens to the businessman will be too good for him' was the theme of that Populist convention of 1892 and it was the basis for the temper outbreaks in most official levels in Washington yesterday. Surely there can no longer be any question about our National Administration's anti-business basis." (*Economic Trend Line Studies, Chicago, issue of April 12*)

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*The 'Depressed Areas' Agency*

# Pathetic Record of Puny Performance

*By Congressman William B. Widnall (R.-N. J.)*

ELEVEN MONTHS have passed since the Area Redevelopment Act, more commonly known as the Depressed Areas Bill, became law. In the 11 months of its history, this new bureaucratic agency has a pathetic record of puny performance.

With a $200-million authority for plant loans, only nine such loans in a total amount of only $3 million have been made.

With a $100-million public facility loan authorization, only seven such loans in the total amount of $538,000 have been made.

The public facility grant authorization of $75 million has been utilized only to the extent of five such grants in the total amount of $628,300.

**According to the agency's report of March 26, 1962, these loans and grants made will provide only 4,588 new jobs. At the time the legislation was considered last year, it was estimated there were two million unemployed in the so-called depressed areas, industrial and rural. The performance record, therefore, is about two-tenths of 1 per cent and even that puny record is only achieved by statistical padding of the figures.**

Of course, this new bureaucratic agency hasn't been completely inactive. As a matter of fact, it has been quite busy designating areas as depressed areas. As of March 26, it had designated 924 such areas with a total population of 34.7 million. It would appear the agency has been so busy designating areas as depressed areas that it has had little time to do the job for which it was created, namely provide jobs for the unemployed in the areas.

The agency has obligated almost a half-million dollars, $495,600 to be exact, for technical, economic studies. But these funds do not provide jobs to unemployed people in depressed areas. The beneficiaries primarily are big-city consulting firms with even a sprinkling of other government departments and agencies, such as Army Engineers, Bureau of the Census and the Department of Agriculture.

The agency also takes credit for $4 million of expenditure to train 6,120 workers under 62 training subsistence programs. But it should be noted that these are funds furnished by the Department of Labor and the Department of Health, Education and Welfare which were already conducting training programs before there was any Depressed Areas Bill.

In the light of the stated need, it is a pathetic record of puny performance. It is bearing out a prediction made in our minority views when this bill was reported by the Banking and Currency Committee over a year ago that, "Passage of this bill could only bring bitter disillusionment to most of the unemployed in most of the depressed areas."


# TAX FREEDOM DAY

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## *Leave It to George*

*From the Dallas Morning News*

The folly of a statement by President Kennedy's Food for Peace program director, George McGovern, to the effect that if only Fidel Castro would ask for it, the United States would be willing to donate surplus food to help out Cuba, was bad enough. But the manner by which he suggested this aid could be carried out demonstrated even greater ignorance.

Mr. McGovern said that the food could be distributed by such agencies as the Church World Service and the Catholic Relief Services in Cuba. He is apparently unaware of the fact that both of these charitable organizations were forced to leave Cuba more than two years ago as a result of Castro's persecution.

Any more bright ideas, George?



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# QUESTION

## *of the Week*

**Q. I hear that polls conducted by congressmen show that the American people oppose our government's purchase of half the United Nations' $200-million bond issue (to pay, in large part, for the UN invasion of Katanga). Is this true?**

A. The following tabulation shows how constituents answered their representatives' questions on the UN bond issue question. Over 162,000 votes are included. Percentages for and against have been adjusted and rounded to total 100 per cent in cases where "no opinion" votes were counted.

| State | District | Member and Party | Number Votes | Per Cent For Purchase | Per Cent Against Purchase |
|---|---|---|---|---|---|
| Arkansas | 1st | Gathings—D | 1,500 | 21 | 79 |
| California | 6th | Baldwin—R | 24,000 | 37 | 63 |
| California | 9th | Younger—R | 281 | 31 | 69 |
| Connecticut | 5th | Monagan—D | 1,782 | 55 | 45 |
| Illinois | 20th | Findley—R | 8,094 | 35 | 65 |
| Michigan | 6th | Chamberlain—R | 20,000 | 26 | 74 |
| Missouri | 7th | Hall—R | 12,000 | 27 | 73 |
| New York | 42d | Pillion—R | 6,410 | 43 | 57 |
| Ohio | 12th | Devine—R | 5,300 | 12 | 88 |
| Ohio | 22d | Bolton—R | 15,000 | 44 | 56 |
| Ohio | 23d | Minshall—R | 20,000 | 44 | 56 |
| Pennsylvania | 29th | Corbett—R | 17,600 | 32 | 68 |
| South Dakota | 2d | Berry—R | 6,400 | 21 | 79 |
| Texas | 21st | Fisher—D | 15,000 | 21 | 79 |
| Washington | 1st | Pelly—R | 8,996 | 40 | 60 |
| | | | 162,363* | 33 | 67 |

*This total includes the "no opinion" votes.

The average of all the percentages shows that the constituents were opposed to the proposal by a margin of 2 to 1. Only one poll showed a majority for the bond-purchase plan.

The bill providing for the bond purchase is pending before the House Foreign Affairs Committee. Hearings had not been scheduled as of May 1. (For a listing of House Foreign Affairs Committee members, see HUMAN EVENTS, April 21, page 278.)

# A Frightening Statistic

*By Congressman James A. Haley (D.-Fla.)*

The House Appropriations Committee has come forth with a statistic which should frighten every man, woman and reasonably mature child in this country. It certainly frightens me.

This is the Appropriations Committee statement: *Interest on the public debt now is costing the taxpayers $17,960 every minute of the day.*

I will not even attempt to compute what that amounts to per hour or per day, but I will point out that the interest on the public debt now has become the largest single item in our Federal budget except for the defense appropriation. This, I remind you, is interest alone. We are not now engaged in making significant payments on the principal of the debt—to the contrary, we still are increasing it.

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# *Tinkering With Dynamite*

*From the New York World-Telegram and Sun*

As a candidate, President Kennedy hinted at an ambition to give the White House more control of the Federal Reserve Board. In his economic report to Congress in January he was more specific. Now he has sent up a bill.

He wants to name the chairman of the FRB, because, he says, the "principal officer of the System must have the confidence of the President." Which is a roundabout way of saying the Federal Reserve Board should do the President's bidding.

The operation of this Board in regulating the supply of money and credit is vital to every American where it hurts—in his pocketbook. The board is a brake on the inflationary policies which generally have important influence for currency stability.

It ought to be, and is at the moment, about as free of politics as an official agency can be. We had one experience with a White House-dominated Federal Reserve Board, and it became, as a former chairman said, "an engine of inflation."

The best thing Congress can do with this bill is bury it.


# Ammunition You Need

This Special Supplement is TWICE the size of a regular copy of HUMAN EVENTS. Call it to the attention of your physician, surgeon and dentist.

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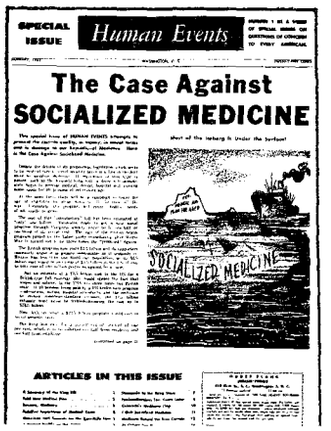


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*Vast Red Whirlwind*

# Commie Operations Continuing

*By VICTOR RIESEL*

FOLK SINGERS and "freedom dancers," friends of Lumumba and Gizenga, veterans of Soviet brigades in Spain, singers of the "Bourgeois Blues," college meetings and coexistence charades—take your pick. The Communist Party, USA, which chants that it is in chains, is living a lusty gay life across the land.

Though it awaits trial in a Federal court on 12 charges of defying our laws, it has never been lustier nor louder, never more active since Stalin got hung on his personality cult. The only tears wept on the Left are in the eyes of sentimentalists who believe a party and not a plot soon will stand trial for not registering with the government as a foreign agent.

**Nowhere else could it happen. Nowhere else could a party, which has been branded by a government, run rallies drawing 12,000, and obtain free of any capitalist charge hundreds of thousands of dollars worth of radio and TV broadcast time.**

For months now I have logged the travels of the Communist party leaders—the Gus Halls and Ben Davises and others who no longer bear any titles, but who refer to themselves merely as spokesmen for the Communist party. I have noted down their travels from Bowdoin College in Maine to universities in Washington, Oregon and California. I have counted almost 1,000 meetings, all the way from New York to the West Coast via Chicago and Detroit. I have catalogued their literature.

Somewhere this "nonexistent" Communist party has raised almost a quarter of a million dollars for travel, hotels, printing, lawyers, briefs and appeals documents.

From where did this money come? Obviously from abroad and from some "businessmen" who love their trade with the Soviet bloc and from agents who have had it stashed away for years. All is tightly controlled from some secret, central, one-man headquarters. It directs a very smoothly-functioning propaganda operation.

Whoever the Soviet representative may be, he has matters well in hand, I gather from a long document recently issued secretly by the party. It is as authentic as cheese on apple pie. Rising above the line of duty, I read the 10,000 words.

It revealed that immediately after the Supreme Court ruled that the party must register as a foreign agent, one inner-party group wanted to dissolve the party. Their plan then was to concentrate on gaining power only through unions. This would have meant abandoning the party, its machinery, its hootenannies, its coexistence propaganda.

**And then—shades of the days the party had its outdoor cafeteria on Union Square—the would-be dissolvers were expelled on charges of "renegacy." They were charged with having a "liquidatory position."**

Why? Because the Soviet-controlled party already has power in four strategical unions—and influences another which is a gigantic organization. That, for the while, is enough.

It's the coexistence propaganda machinery which is important; the chance to operate as fronts for Cuba; the obvious asset of martyrdom. So the left-wing deviationists were called Trotskyites and heaved out. The party then was ordered to burn its files, run smaller meetings, in secret, and unloose a propaganda barrage.

This it did. And does. While it hides its real officers and assets it runs big open meetings and denounces mayors and governors.

What everybody appears to forget is that the Communist party of the USA still is a legal unit. What the law says simply is that it must register. And because it and its officers are defiant, it has become Martyrs, Inc. And not since the Thirties has it had it so good.

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WHO OWNS THE OLD HOME PLACE ANYWAY?
WHY DON'T YOU GET OUT OF MY HOUSE ?!
YORE HOUSE? WHO KEP' IT TOGETHUH ALL THOSE YEARS ?
NORTHERN LIBERALS
SOUTHERN CONSERVATIVES
DEMOCRATIC PARTY

## *Public Works Is No Answer*

*By Senator Prescott Bush (R.-Conn.)*

As if to prove its persistent attachment to error, the Administration has now made the grandiose but largely empty gesture of asking Congress for $600 million for public works projects, in addition to the $2 billion already requested. This proposal is an extraordinary confession of failure by the Administration.

One can only wonder what pressures led to such a hastily-contrived and ill-conceived proposal. It certainly is no solution to the unemployment problem

Estimates show that it will reduce unemployment by about 150,000 workers or by slightly over 3 per cent of the 4.5 million jobless, and then only over a two-year period. In the meantime, it diverts our attention from the real causes of the problem, further delays a genuine solution and makes the job problem even more acute by inducing inflation.

It is another illustration of this Administration's preference for giving the appearance of action to really grappling with the hard, complex problems facing this country today.



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# South Carolina Going Republican?

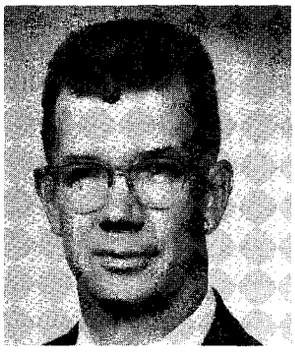
*By ANTHONY HARRIGAN*

*Associate Editor, Charleston [S. C.] News and Courier*

WILL SOUTH CAROLINA be the spearhead of Republican victory in the South next November? That's what Palmetto State members of the GOP believe. They confidently look forward to electing a US Senator, a congressman and perhaps as many as a dozen state legislators.

This confidence is based on the South Carolina Republican party's recent success in electing two state legislators for the first time in more than 60 years. Republican victories in two municipal elections also help spark the zeal of South Carolinians who want to contribute to the nation-wide conservative crusade by denying high office to adherents of the Kennedy Administration.

**The possibility of a Republican victory in South Carolina is taken seriously in the highest echelons of the Democratic party. Doris Fleeson, a syndicated Washington columnist and consistent follower of the New Frontier, recently devoted a column to the GOP challenge. South Carolina Republicans, said Miss Fleeson, "believe that their own candidate [for the Senate], William D. Workman, suits the South Carolina climate better than any Democrat."**



*WORKMAN*

"Bill" Workman is a name that Americans from coast to coast should know. (See "A Republican Senator from South Carolina?" HUMAN EVENTS, November 10, 1961.) As the Republican senatorial candidate, he is giving the Kennedy Administration and its supporters in South Carolina the same kind of challenge John Tower gave the New Frontier in Texas one year ago.

Floyd D. Spence is another name that may be making national news next fall. Spence, a State Representative, withdrew from the Democratic party in mid-April and announced his candidacy for the Republican nomination for Congress from the 2nd District. GOP State Chairman Robert Chapman has said that Spence can, and undoubtedly will, get the nomination.

*SPENCE*

Spence stands a very good chance of becoming the first Republican congressman from South Carolina in modern times. The seat is now held by Mrs. Corinne Boyd Riley, widow of the late Representative John J. Riley. A 68-year-old grandmother, Mrs. Riley is not seeking re-election.

Charles E. Boineau, Jr., a 37-year-old trucking company owner, and G. Fred Worsham, a 52-year-old dairy executive, were, respectively, the first and second Republicans to be elected to the State General Assembly in decades. Both men are offering for re-election and have an excellent chance of being returned to office.

The Republican base in the legislature may be widened considerably. Boineau's county, Richland (the seat of the State Capital), is expected to field a full slate of Republican candidates for the General Assembly. Worsham's County, Charleston (site of the big naval center on the coast), reportedly will also have a strong group of Republican legislative candidates.

IN OTHER WORDS, the two-party system has arrived in South Carolina. There's no question any more about its getting established; the only question is whether Republicans win the big political prizes this year.

The Edisto *News* recently summed up the changed political situation with this comment: "A statement that there would be two [Republicans] in that body [the legislature] a year or so ago would have brought derisive laughter."

But no one is laughing now, least of all incumbent Senator Olin D. Johnston and his Democratic primary opponent, Governor Ernest F. Hollings. Both men were Kennedy supporters in the 1960 election.

Senator Johnston, who is seeking a fourth term, has been a liberal and a dedicated party man for decades. "I am," he declared as far back as 1938, "a 100 per cent New Dealer."

Governor "Fritz" Hollings is trying hard to create an image of conservatism. But Republican State Chairman Chapman recently said of the Governor: "He must have a short memory—in 1960 he was running around South Carolina supporting the greatest enemies of free enterprise that I know anywhere."

**Republicans are prepared to oppose whoever is the winner in the June 12 Democratic primary. "Olin is through in '62," says one GOP slogan. Republicans also say that Governor Hollings hasn't a chance of carrying the state in its present conservative mood.**

The extent of Republican enthusiasm in the Palmetto State was shown in the turnout of more than 2,000 party supporters at the March 17 state convention where "Bill" Workman pledged a "South Carolina fight." On hand for the occasion was Senator Barry Goldwater of Arizona, who told the convention: "I think it's time you sent somebody up there [to Washington] to help Strom Thurmond represent the conservatives."

REPUBLICANS ARE CONVINCED that 47-year-old "Bill" Workman is the South Carolinian who will be traveling to Washington to take Olin Johnston's place.

"We're going to win this election," says J. Drake Edens, Jr., Columbia insurance executive who is chairman of the Workman for Senate Committee.

"'Bill' Workman's appeal," Edens says, "lies in the fact that for 25 years he is on the written record that he stands for all the basic, traditional values held dear by the people of this state. I think he is Mr. South Carolina personified.

"People feel that they can completely trust "Bill" Workman to go to Washington and in every instance to do what his conscience tells him is best for the people of South Carolina and the nation. I believe this feeling of trust is his greatest asset in this campaign, plus

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the fact that he is probably the best-informed student of national, state and local government living in South Carolina."

Certainly the Workman political philosophy is clearly enunciated in his syndicated column of conservative political commentary and in his book *The Case for the South.* In his acceptance speech, Workman capsuled this philosophy in a pledge to "defend the principle that ours is a government of limited powers, of dual sovereignty and of checks and balances."

**But no one in the Republican camp is expecting easy victory. The Democratic organization, built around the courthouse rings, will fight hard for whoever is the nominee—Johnston or Hollings. The Democratic nominee also is expected to get the solid support of the unions and of colored voters responsive to militant Negro leadership.**

Chapman said April 6, "Obviously, the Democrats have been playing for the Negro vote nationally and certainly undercover locally. He said of the voting-registration drive conducted by the Rev. Martin Luther King, Jr., "I'm sure he's recruiting them into the Democratic fold."

In analyzing campaign problems, Edens remarked: "The upstate, heavily-industrial areas of South Carolina are where conservative candidates have run the weakest since World War II, while the downstate was going conservative in Presidential races. At this moment, the upstate areas are where the Republican party is showing its most vigorous grass-roots-level activity. We have established extremely strong Republican organizations in upstate counties that had only token Republican organizations or none at all."

THE KIND OF LEADERSHIP that's putting the steam into the GOP drive is the leadership of business and professional men. Two of the principal Republican workers upstate are Dr. William Hunter, a surgeon, and Professor Ernest Rogers, a member of the engineering faculty at Clemson College. Downstate, the Republicans have enlisted equally energetic organizers.

Skill and experience also are available to the party. For instance, in charge of Republican organization in Charleston County, a conservative stronghold, is a veteran of political activity, Micah Jenkins. Jenkins was a member of his county Democratic committee in years past. His conservative record shows service in the Citizens for Eisenhower movement, the Independents for Byrd organization and Democrats for Nixon. In 1954, Jenkins managed Senator Strom Thurmond's successful write-in campaign for the US Senate in Charleston County.

**Workman forces are mobilizing strength among all groups. The Workman for Senate Committee is establishing chapters in high schools and colleges. Party activities range from training poll-watchers to making plans for a corps of baby-sitters on election day. The Republicans even plan to send out-of-town newspapers into one county where the local daily is not expected to provide fair news coverage.**

WHILE THE BIG DRIVE is on for the Senate seat, heavy attention also will be devoted to Spence's effort to win the 2nd District election for Congress. This district covers the Midlands of the state, including Richland County where Republican voting power was demonstrated in election of State Representative Boineau last year.

This area also is a center of strength for the old independents, who backed Strom Thurmond. Spence believes that these independents will give him their support. A proven vote-getter, Spence has been elected to the General Assembly three times. Twice he led the ticket.

**Spence pulled out of the Democratic party saying he is becoming a Republican because of "the trends in this country toward a more centralized government with its utter disregard for the rights of the individual and our local government."**

He added that the South Carolina Democratic party would require "100 per cent allegiance" through the election law's party loyalty oath taken at primaries.

"The loyalty oath," said Spence, "could help elect a Republican rather than defeat one. People don't believe in putting party above everything else. Because that's the way it is done in Russia.

"Some people say to me: 'What's wrong with you? Have you lost your head?' They urge me to wait two or four years before running as a Republican. And I say that we can't wait two or four years. Maybe that will be too late for the country."

In joining the protest parade against the Democratic party, State Representative Spence is not making just a brave gesture. He has a good chance to win—or so says the Greenwood *Index-Journal*, a non-Republican newspaper in the area. "The Republicans will present formidable strength in the 2nd District," said the *Index-Journal*, "and Representative Spence, under that label, will be a candidate to contend with."

The South Carolina Democratic party, in hoping to stay the protest parade, is putting much stock in the so-called "loyalty oath." According to this oath, voters in the Democratic primary are required to pledge they will support the primary nominees in the general election.

But the South Carolina Supreme Court has ruled that the oath is not legally enforceable.

Newspapers have charged that in refusing to call for abolition of the loyalty oath the state Democratic party is trying to continue its "closed-shop policy" by an appeal to the conscience of voters.

But many citizens clearly believe that the oath has no more of a base in morality than it has in law. The Columbia *Record*, an afternoon daily in the State Capital, has termed it a "force oath." It is expected that large numbers of independents and Republicans will vote in the Democratic primary and also in the general election. This is understandable, for Republicans are not offering a full slate of candidates. If a voter wants to help choose the next governor, for example, he must vote in the Democratic primary.

THOUGH THE GENERAL ELECTION is months away, South Carolina Republicans are working as though the race were scheduled to take place in a few weeks. From the mountains to the seashore, organizational meetings are taking place.

**All signs point to a conservative campaign this fall the likes of which the South has not witnessed in years. If Bill Workman and his party win in South Carolina, the victory would shake the entire Solid South.**

In fact, there already are rumblings next door to South Carolina—in Georgia. James A. Rogers, editor of the Florence *Morning News* in South Carolina, recently traveled across Georgia and reported home:

"The word in Georgia is that a Republican has a good chance of being the next governor. A Republican governor in Georgia? Old Gene Talmadge would turn over in his grave and snap his red-gallus straps in shocked incredulity if he knew this."

South Carolina was the leader in one act of political secession a century ago. It appears now as though the Workman senatorial campaign this November may start a chain reaction of secession from the Democratic party in the South.

Reprints of this article are available: single copy, 15 cents; 15 for $1; 35 for $2; 125 for $5; 300 for $10; 1,000 for $20. Order by section number and date of issue.



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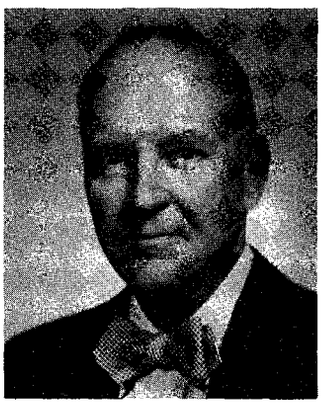
# Cockeyed Economics vs. National Security

## *A Letter the NY Times Didn't Print*

Reprinted below is a letter Fred G. Clark, Chairman of the American Economic Foundation (AEF), New York City, wrote to the New York Times in the wake of the controversy surrounding the proposed, and later rescinded, steel price increases. The Times chose not to print it. Also on this page is a commendatory editorial of the New York Daily News, which notes that the AEF plans a pavilion at the 1964-65 New York World's Fair to aid American economic education.

*To the Editor of the New York Times:*

One constructive result of the Administration's headlong onslaught against the steel industry is to settle the question in many minds as to whether President Kennedy is acting as a politician or as a statesman; whether he advocates what is good for the Democratic party or what is good for the economic health of the nation. In the face of the relatively huge inflationary government deficit that is certain to come in the next few years, the President's all-out concern over a 3½ per cent increase in steel prices is hard to understand.



*CLARK*

One cannot believe that the Administration is so unaware of the economic facts of life as to fail to see that higher production costs must either mean higher costs to the customer or gradual liquidation of the corporations.

However, on the chance that the simple truth has been lost in the excitement, let's go back to the basic economic principles on which man's material welfare, national growth and security are constructed and try to clear up the confusion.

Every corporation has five costs to meet in producing either goods or services, namely:

1) The cost of goods and services bought from others.

2) The cost of human energy (wages, salaries, benefits, etc.).

3) The cost of tools wearing out (depreciation, etc.).

4) The cost of taxes.

5) The cost of using tools (loosely called profit).

These are the *only* costs in production *any*where in the world, under *any* political or economic system, and an enterprise can only stay in business if customers can be found who are willing and able to pay the total of these costs.

Since the whole is the sum of all its parts (as we learned in elementary school), to raise any one item would raise the total unless, of course, another item was reduced to offset the raise.

It is now generally conceded that tool energy accounts for more than 95 per cent of American production. With one-third of our tools now obsolete while our competitors abroad are working with new tools (many of them bought with our money), I would like to ask which item is it more important to increase in the interest of national prosperity if not for national survival? Considering our dependence on modern tools it is obvious that Item 5 should be given careful priority because more and better tools can come only from proper payments for their use.

But politics being what it is, Item 2 has been allowed to increase 160 per cent since 1947 with little or no expressed concern by government while Item 5 has languished to the point where reinvestment capital has all but vanished. Considering that good jobs depend upon modern tools, just who is it that showed "a wholly unjustifiable and irresponsible defiance of the public interest?"

It is true that any rise in prices increases America's disadvantage in world-wide competition, but it is equally true that if our corporations do not charge enough to be able to modernize their tools, this disadvantage will certainly become overwhelming.

Sincerely yours,
FRED G. CLARK

## AEF Object Lesson

*From the New York Daily News*

Nations and assorted groups of bureaucrats are scheduled to mount their self-glorifying exhibits in profusion at the 1964-65 New York World's Fair. Hence, we're glad to learn that the American Economic Foundation is planning an educational pavilion "to prove conclusively that free enterprise capitalism provides the greatest good for the greatest number."

It may be a valuable reminder to dispel any misconceptions as to why we have handsome houses, autos, TV's and other assorted consumer delights.

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# *CED's Liberal Economics for High Schools*

*by*

**DR. RUTH ALEXANDER**

Churchill once defined Soviet behavior as a riddle inside an enigma wrapped in mystery. But the really insolvable riddle is the puzzling behavior of those authentic American capitalists who support liberal organizations subtly contrived to sell private capitalism down the river! Such a group is the Committee for Economic Development, CED (711 Fifth Avenue, NYC) which recently organized a National Task Force to promote the teaching of economics in high schools. Goodness knows it's high time somebody raised a ruckus about our widespread economic illiteracy, especially since political issues are becoming increasingly economic in origin.

The American Economic Foundation, AEF, (51 East 42 St. NYC) recognized the urgent need for economic education at teen-age levels a quarter of a century ago and has achieved spectacular results along this line, despite a meager budget. Its material is not only historically and scholastically valid but is in keeping with our America's incentive system, the only economy devised which insures excellence of quality and abundance of quantity because of its competitive feature. Couched in basic English, the AEF's material was originally designed for presentation to some 3 million hourly-rated employees, mostly trade unionists. But because of its simplicity of expression and clarity of exposition, it has also proved accurately on target for teen-aged minds. Indeed, The National Schools Committee, an independent organization of professional educators, has adapted it for all 12 grades.

These two groups would appear to have been the CED's logical choice for their Task Force. But not on your life! They have been conspicuously bypassed by the CED for reasons which are no riddle. Unlike the professional liberals selected for the Task Force, the AEF is not out to sell the liberal line, cunningly camouflaged as "objective" evaluation of competing (sic!) economic systems, whereby capitalism and socialism are presented as equally accepted alternatives, instead of as polar opposites. When politico-economic-academic liberals grabbed the ball and started for left field, business-men-members of the CED, (with the help of $2 million from the liberal Ford Foundation), started to raise $5 million for television programs. These are designed to teach teachers what to teach youngsters, who are too inexperienced and too immature to sift economic fallacy from economic fact.

Founded in 1942 by the liberal-left capitalist, Paul Hoffman, the CED was immediately dubbed "The New Deal's Answer to The NAM" by Washington insiders. So it has proved to be. And its present efforts to 'educate' our voters-of-tomorrow boil down to reiteration and defense of New-Deal-New-Frontier policies. When the TV programs start, come September, those early-bird teachers who "attend" CED's ding-dong school and pass an examination of sorts, will receive academic credit which automatically boosts their pay envelope — an irresistible incentive! The man chosen for screen presentation of this 'operation indoctrination' is Professor John R. Coleman of Carnegie Tech, former President of the Pittsburgh branch of The Americans for Democratic Action, ADA, commonly recognized as the breeding ground for what is quaintly known as "Democratic Socialism".

Marx called Socialism the historically inevitable maturity of Liberalism and Lenin said Socialism will be built with capitalist hands. The CED is a noteworthy fulfillment of this prophecy. Yet, as Clark and Rimanoczy of The American Economic Foundation, AEF, point out, *"It is capitalism which delivers that which Marxism merely promises"!* The tragedy of our America is that we have been bludgeoned into choosing promises over performance. It's a riddle inside an enigma wrapped in mystery.



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# The Odd Notes of Walter Lippmann

## *The Trumpet That Always Sounds Retreat*

*By WILLIAM HENRY CHAMBERLIN*

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THE CURIOUS CASE of Walter Lippmann is calculated to raise serious doubt as to whether many Americans read carefully what they profess to respect and admire and whether or not they draw the logical conclusions from what they read. Defeatism, pessimism about America's strength *vis-a-vis* a threatening enemy, has never been a characteristic American trait. Nor has appeasement of Soviet or Chinese imperialist communism been a popular political position. (Appeasement may be reasonably defined as retreat from an established political or geographical position, usually at the expense of a weaker ally, in the face of hostile force or the threat of force.)

**Yet Lippmann has been advocating attitudes and measures which add up to defeatism and appeasement in the face of communism with a consistency worthy of a better cause, without apparently diminishing the high prestige which he enjoys as a commentator on international affairs. Consistency, to be sure, has not been his most characteristic quality. He has been known to oscillate between extremes of optimism and pessimism after trips to Europe. A witty Washington hostess gave him the private nickname, "Operation Crosseyed."**

But on never being beastly to the Kremlin, on taking a very dim view of the idea that there ought to be fighting spirit, even in a cold war, on failing to face up to the irreconcilable challenge of communism and to foresee what this challenge would mean for the post-war world, Lippmann's ideological line has been straight and undeviating. One need only look up the record set forth in his own numerous books and newspaper columns.

BY 1944 THE DEFEAT of the Axis powers was assured. A farsighted student of international affairs might have been expected to consider realistically the prospect of the post-war world, the likelihood that the ally of today might be the enemy of tomorrow, and *vice versa*. But in this year Lippmann published a book (*U. S. War Aims*, Little Brown and Atlantic Monthly Press), amazing in its miscalculation of the shape of things to come, jampacked with predictions that were confounded by the course of events and with policy recommendations that would have made a bad situation worse if they had been fully adopted.

"The conclusive defeat of Japan," Lippmann confidently assured his readers, "will make the United States and the whole Atlantic Community invulnerably secure in the Pacific; the conclusive defeat of Germany will make Western Europe and the Americas secure." (P. 91.)

The assumption that all the world's ills and dangers would be exorcised by the defeat of Germany and Japan might have been pardoned in a speaker before the Elks Club of Wichita, Kansas; it was scarcely worthy of a man with long experience in international affairs and, presumably, with some knowledge of history. How deep this knowledge of history is, may indeed, be doubted in the light of a column which Lippmann published in 1944:

> It is easy to say, but it is not true, that the Allies of today may be the enemies of the future . . . . Our present alliance against Germany is no temporary contraption. It is an alignment of nations which, despite many disputes, much suspicion and even short and local wars, like the Crimean, have for more than a century been natural allies.
>
> It is not a coincidence that Britain and Russia have found themselves allies ever since the rise of German imperial aggression, that the United States and Russia, under the Tsars and under the Soviets, have always in vital matters been on the same side.

This is an extraordinary distortion of historical facts—to support a prediction which has gone completely askew. Great Britain and Imperial Russia were on chronically bad terms until the first years of the 20th Century. Great Britain and Soviet Russia were in a state of chronic hostility, leading once to a breach in diplomatic relations for 20 years after the Bolshevik Revolution. The United States and Russia were by no means always on the same side in vital matters. The two countries repeatedly clashed over the Tsarist "closed-door" policy in Manchuria and highly unfavorable comments by Theodore Roosevelt and John Hay on Russian diplomatic aims and methods are in easily accessible histories.

And here is Lippmann's preview of post-war Germany (*U. S. War Aims*, p. 118):

> Russia could take Germany into her camp much more quickly than we could take Germany into ours . . . . National Socialist Germany could rather easily become Soviet Germany.

**This article is an expansion of a chapter from a new book by William Henry Chamberlin,** Appeasement: Road to War, **published by Rolton House, New York City, $3.95.**

(Note: In four free elections in the German Federal Republic, the only part of Germany where there have been free elections, Communist and neo-Nazi strength diminished from a negligible proportion of votes to virtually zero.)

Owen Lattimore, editor of the Institute of Pacific Affairs' publication, *Pacific Affairs*, at a time when that publication was heavily slanted in a pro-Soviet and pro-Chinese Communist direction, is referred to (p. 92) as "a tried and true friend of China." Lippmann is obviously indebted to Lattimore for some of his views on the Far East. Unsatisfactory as the present state of the world is, it would be appallingly worse if two of Lippmann's policy suggestions in *U. S. War Aims* had been put into practice:

> The Chinese should be the judges of allied policy toward the [Japanese] Emperor, they should be the judges of the length and character of the occupation and they should be the principals in carrying out what is decided. (p. 105.)
>
> We shall be wise if we let the European peoples, who are the victims of Germany, and must yet live next to Germany,

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*LIPPMANN*

settle the moral and political accounts . . . They must live next to the Germans. Let Germany be tried by her peers. We are too far away to judge wisely and well. (p. 116.)

CATASTROPHIC is not too strong a word to use for the consequences of abdicating America's responsibilities in Japan to what is now a Communist China and America's responsibilities in Europe to its European neighbors, including the Soviet Union. Had such a course been followed, both Europe and East Asia would now be part of a vast Communist empire capable of strangling the United States in a gigantic pincers movement. Lippmann likes to pin the label of "irresponsible" on those who disagree with him. But it is hard to imagine a loftier peak of irresponsibility than this proposal to turn over Japan to China and Germany to the Soviet Union, the only strong military power among its neighbors.

Incidentally, it is interesting to note that his idea of turning over post-war Germany to the military and police control of its neighbors figures in the notorious Morgenthau Plan. Point 14 of the summary of this scheme for the political and economic destruction of Germany which Franklin D. Roosevelt took to the second Quebec conference contains this proposal, which is very similar to Lippmann's:

> The primary responsibility for the policing of Germany and for civil administration in Germany should be assumed by the military forces of Germany's continental neighbors. Specifically, these should include *Russian*, French, Polish, Czech, Greek, Yugoslav, Norwegian, Dutch and Belgian soldiers.
>
> Under this program United States troops could be withdrawn within a relatively short time.* (Italics supplied.)

The most dishonorable document to which the head of the American government ever set his signature was the Yalta agreement between Roosevelt, Stalin and Churchill in February, 1945. Without the presence of a single Pole at the conference Poland's independence and territorial integrity were sacrificed on the altar of appeasing Stalin. Yalta sanctioned the territorial mutilation of Germany by assigning large areas that had been ethnically German for centuries to Poland and the Soviet Union. The Nationalist Government of China was also thrown to the wolves of appeasement.

It is no reason for surprise, in view of the general attitude developed in his daily columns and in *U. S. War Aims*, that Lippmann has always been one of the most ardent apologists for Yalta. In the book he takes for granted that the enormously powerful Soviet Union must be protected against a Germany shattered, sundered and bled white by the war. "If the Soviet Union is to check Germany from the East," he writes (p. 128), "the military system of the Central and Eastern European states must be coordinated not with Germany, but with Russia." Here he gives an advance blessing to the Warsaw Pact, an alliance obviously directed against the United States. He shows no apprehension of the possibility that 100 million East Europeans might prefer independence to domination either by Germany or by the Soviet Union, no concern over the outrageous moral cynicism of turning over to Communist tyranny the Poles who were fighting Nazism at the time when Molotov and Ribbentrop were exchanging messages of congratulation over the German capture of Paris.

Lippmann did not go so far as to make the Soviet Union a present of Germany, as well as of Eastern Europe, although his proposal to leave Germany to the "judgment" of its European neighbors would most probably have led to this result. But he expressed strong opposition to trying to win Germany and Japan as allies against the Soviet Union. Stalin, and Khrushchev, could have been well satisfied with Lippmann's blueprint for the post-war world—a Soviet empire stretching from the Baltic to the Pacific and a helpless, neutralized Germany and Japan. Perhaps this, along with the general tone of his writing since the war, explains the two long de luxe interviews which Soviet Premier Nikita Khrushchev granted to Lippmann, the latter amid the cozy amenities of the Premier's Black Sea villa. Even cursory acquaintance with the Soviet press conveys the impression that Lippmann is the Soviet editor's favorite "Voice of America."

FOLLOWING KHRUSHCHEV'S DISRUPTION of the proposed four-power conference in Paris, in May, 1960, with a violent tirade of abuse against President Eisenhower, Lippmann, on May 15 and 17, published two commentaries on the situation, in which he found just two words of criticism for Khrushchev. The Soviet Premier's language, he conceded with a fine show of impartiality, had been "harsh and intemperate." Apart from that all the blame was attributed to Eisenhower. Lippmann took for granted the very questionable assumption that the downing of the U-2 reconnaissance plane was the cause, rather than the excuse, for ending the Paris summit meeting before it even began.

But this explanation overlooked the point that Khrushchev had known of the U-2 flights for months, probably for years. He admitted as much when he remarked that he had thought of raising the question during his Camp David talks with the President. The far more probable reason for Khrushchev's antics at Paris was his failure to drive a wedge into Western unity in defending the freedom of West Berlin.

**These two commentaries of Lippmann shared the honors of publication in the Soviet press with an interview with Mr. Cyrus Eaton, the millionaire who has made a habit of siding with the Soviet Union against his own country on almost all issues in dispute.**

No doubt there were other commentators who were just as shortsighted as Lippmann in foreseeing an indefinite continuation of the war-time American-Soviet alliance, in failing to recommend a quick shift of diplomatic gears to correspond with the new balance of power in which Germany and Japan represented no threat whatever to American security, while the threat from the Soviet Union is now creating a boom in the fallout-shelter market. Where Lippmann is unique, among widely-read and highly-esteemed columnists, is in continuing to plug the line of appeasement, of yielding anything from an inch to an ell on all disputed points with Communist powers long after hostility to the United States was being shouted from the housetops of Moscow and Peiping, long after the Soviet Union

* See *Germany Is Our Problem*, by Henry Morgenthau, Jr. (Harper), p. 4.



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and Red China, by words and still more by actions, had proved themselves Number One and Number Two public enemies of the United States.

ROOSEVELT'S POLICY of trying to talk, charm, soothe and appease Stalin into good international behavior was soon revealed as bankrupt by the course of post-war international developments. The Soviet government created a huge satellite empire in Eastern and Central Europe, stirred up civil war in Greece, blockaded West Berlin, launched an invasion of South Korea by moving across the frontier a North Korean army fitted out to the last detail with Soviet munitions and supplies.

The United States reaction was to adopt the so-called policy of containment, closely associated with the name of the Russian expert, George F. Kennan. Lippmann launched a bitter, sustained attack on this policy in a small book entitled *The Cold War: A Study in U. S. Foreign Policy* (Harper, 1947). And the policy of containment is open to criticism, on the ground that it left the initiative in the hands of the enemy and condemned the United States to the numerous disadvantages, moral, political and military, of being continually on the defensive.

But Lippmann's attack was for exactly the wrong reasons, not because it attempted too little, but because it attempted too much. The thesis of *The Cold War* is that the policy of containment must fail, not because it is too limited and negative, but because it represents a provocation which the Soviet government is certain to frustrate. With the heavy atmosphere of Cassandra gloom which is his routine reaction to any practical scheme for stopping Communist expansion, Lippmann saw us losing Europe, losing our natural allies, losing almost everything if we set up a "No Trespassing" sign against further Communist aggressive expansion. It would be redundant to quote many of his separate columns on this subject; but his defeatist creed is set forth most clearly in *The Cold War* (p. 27):

> Either Russia will burst through the barriers which are supposed to contain her, and all of Europe will be at her mercy, or at some point and at some time the diplomatic war will become a full-scale shooting war. In either event Europe is lost. Either Europe falls under the domination of Russia or Europe becomes the battlefield of a Russian-American war.
>
> Because the policy of containment offers these intolerable alternatives to our old allies, the real aim of every European nation, including Great Britain, is to extricate itself from the Russian-American conflict. While we have been devoting our energies to lining up and bolstering up the Chinese Nationalists, the Iranians, the Turks, the Greek monarchists and conservatives, the anti-Soviet Hungarians, Rumanians and Poles, the natural alignment of the British, French, Belgians, Swiss and Scandinavians has been weakened.

There was unconscious humor in suggesting that an administration which placed its foreign policy first in the hands of General George C. Marshall, then of Mr. Dean G. Acheson, was devoting much energy to bolstering up the Chinese Nationalists, or the oppressed peoples behind the Iron Curtain. But the heart of this quoted passage is the Cassandra sigh: "In either case Europe is lost." In other words, even the passive and static opposition to communism reflected in the policy of containment is doomed to failure. Defeatism could scarcely go farther.

FORTUNATELY, Lippmann's pessimism was not justified by the subsequent course of events. For, just as cowardice in a natural leader inspires panic and fear in the weaker nations which are looking for a leader, so courage inspires courage and cooperation.

*FULBRIGHT*

American resistance to Soviet and Chinese Communist aggression had its full share of limitations and weaknesses. And yet, even the imperfect containment policy led by the natural logic of events to things which Lippmann, in his defeatist mood, would never have dreamed possible—to things like NATO, American air bases in Great Britain, the German Federal Republic as an armed ally of the West, military units (even though they were token units) of Great Britain, France, Greece, Turkey and other powers fighting in Korea.

Wherever the struggle has been joined between communism and freedom, Lippmann's sonorous trumpet can be heard, sounding the call to retreat, lest something worse befall. He hewed closely to the Nehru line during the war in Korea. It required little imagination to sense a mood of satisfaction in his comments when the unnatural combination of French Communists with French extreme nationalists obstructed and finally defeated what had been originally a French proposal: The European Defense Community. Characteristic of his attitude is the designation (in his column of December 1, 1955) as "mistakes" of these steps in American policy:

> The premature attempt to rearm Germany in 1950 . . . The irreparable mistake of crossing the 38th Parallel in Korea . . . The over-militarization of the containment policy has jeopardized our relations with India and several other uncommitted nations.

It is doubtful whether any military authority believes that Western Europe can be safeguarded without a substantial German contribution. How strange, then, to call premature an attempt which began in 1950 to enlist Germany as an ally long after the face of a hostile aggressive Soviet Union was clear to all but the wilfully blind, which was bogged down for years in French obstruction and for months in petty politics in the German Bundestag, which took more than five years to put a single German division in the field!

**The mistake in Korea was not in trying to unify the country, but in failing to try to win the war by the means cogently recommended by General MacArthur. And, as for "over-militarization" of the containment policy, is there a single contact area where Communist military forces do not heavily outnumber the forces of resistance?**

When the Chinese Communists, with a threatening diplomatic assist from Soviet dictator Khrushchev, tried to bluff the United States into pulling the rug from under Chiang Kai-shek by launching an intensive bombardment of the Nationalist-held off-shore island groups of Quemoy and Matsu, Lippmann ran true to form again. He was the intellectual cheerleader of a small but noisy group of advocates of a scuttle-and-run policy which made the welkin ring with anguished cries that



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the whole world would go up in a nuclear holocaust if Mao Tse-tung were not properly and promptly appeased. Lippmann's column of October 2, 1958, is worth quoting at some length, not only as a new exhibit in his record of sponsoring defeatism and appeasement, but as an excellent illustration of how he tries to disguise retreat as victory, one-sided concession as diplomatic triumph, the betrayal and abandonment of an ally as high and honorable statesmanship:

> A withdrawal from Quemoy to Formosa will liquidate a dangerous liability and will consolidate the strategic position of Formosa . . . .
>
> Were we disengaged from Quemoy and disentangled from Chiang's ambitions, there would be time to consider calmly what in the long run is truly important to us in Formosa. We know that in the long run our interest in Formosa cannot be tied up with Chiang's government. For that government is manifestly living on borrowed time . . . .
>
> Our true interest in Formosa, having done our duty to see that Chiang's people have a safe asylum somewhere, is that the island should not be militarized for an advanced Chinese base against the Philippines . . . .
>
> So we should disengage in Quemoy. We should stand at Formosa for the purpose of negotiation. We should prepare for the passing of Chiang's regime.

Three years have passed since Lippmann delivered this typical defeatist counsel. The Chinese Nationalist Government of Chiang Kai-shek is still in power. Quemoy, far from being indefensible, the favorite word of Lippmann and other amateur strategists who followed their fears rather than the military realities, is still flying the Nationalist flag. A high official in the Eisenhower Administration remarked with a knowing glint in his eye:

"At least we won one small war—against some of our columnists."

LIPPMANN PLAYS NO FAVORITES between Europe and Asia. He is just as ready to negotiate a compromise (in a situation where compromise means humiliating retreat for the West) on Berlin as he was to toss Quemoy to the Red Chinese wolves and prepare comfortably for "the passing of the Chiang regime." Here again his reasoning is both peculiar and interesting. In his column of October 10, 1961, he asserts that the raising of the wall in Berlin on August 13 radically changed the *status quo* in West Berlin and adds:

> The truth is that West Berlin today is a stricken city without a future and to negotiate is not to surrender what we have, but to bargain for much that is necessary and that we do not have. What we do not have is a visible future for West Berlin.

In other words, our response to an act of outrageous Communist violence and illegality, carried out in violation of a four-power agreement which stipulates freedom of movement within the whole city of Berlin, East and West, should not be to demand, as the first condition of negotiation, that the wall should come down and the principle of German reunification by means of free elections should be accepted. No, we are to accept the unilateral Communist violence as irrevocable and to "negotiate a contractual agreement with the Soviet Union," which has just contemptuously torn up its last contractual agreement. No wonder Lippmann is so frequently quoted in the Soviet press!

IN HIS COLUMN of October 12 Lippmann comes out with a magisterial tribute to Senator Fulbright and puts in this vigorous plug for the re-election of the Arkansas Senator in 1962:

> The nation is greatly in his debt. The role he plays in Washington is an indispensable role. There is no one else who is so powerful and also so wise, and if there were any question of removing him from public life, it would be a national calamity.

What has Fulbright done to win this eulogy? He has been found with his foot in his mouth more often than any Senator of corresponding influence. On the eve of August 13 Fulbright was suggesting to a television audience that West Berlin's status as an asylum for refugees was negotiable. Such a statement from the Chairman of the Senate Foreign Relations Committee was not calculated to discourage the *coup* that brought the world closer to the threat of war than at any time since 1945. Fulbright also made slighting references to the German Federal Republic's status as a democracy—just at a time when the preservation of German confidence was a major diplomatic necessity for the United States. He was a persistent sniper at the admirably principled and consistent anti-Communist foreign policy of John Foster Dulles. (It is no accident that during the Dulles period we got on without war and without appeasement, because there was never the shadow of a doubt of what America's action would be under challenge.)

**Fulbright has also opposed the efforts of patriotic officers to conduct seminars and lectures calculated to throw some light on Communist methods of subversion and infiltration. He has opposed the Freedom Academy Bill which would establish a school to train diplomats, civil servants and military men in the ABC's of psychological warfare. With this record, it is not surprising that he stands high in *Lippmann's esteem.***

Lippmann's encomium on Fulbright elicited a spirited response in a letter to the New York *Herald Tribune* from Mr. Roy M. Brewer, vice chairman of the Council Against Communist Aggression:

> Senator Fulbright and Mr. Lippmann are advocating a program of appeasement. It has been the prevailing program since World War II. During this time the Communist world has grown progressively stronger and the Western world progressively weaker. It has brought our nation to the point of greatest physical danger in all of our history.
>
> Senator Fulbright, as Chairman of the Senate Foreign Relations Committee, must not just be sincere. He must also be right. In recent months his comments on the Berlin crisis have given aid to our enemy. The interest of the free world requires that he be replaced.

If more citizens, like Mr. Brewer, would take time out to study carefully and answer thoughtfully the sophistries and fallacies involved in advocacy of appeasement, Walter Lippmann would not stand on a pedestal as a monument of Olympian dispassionate judgment on world trends and American national interests.


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Vol. XIX, No. 19—Section VI

# HUMAN EVENTS

May 12, 1962

## According To The New York Times:

# *Here's What The President Of The United States Thinks Of You If You Are An American Businessman*

THE NEW YORK TIMES, MONDAY, APRIL 23, 1962. C 25

## The Steel Crisis: A 72-Hour Drama With All-Star Cast and Plot of Many Surprises

### PRICE RISES SET STAGE ON APRIL 10

**Kennedy's Quick and Angry Reaction to News Touches Off Fast-Paced Play**

Continued From Page 1, Col. 7

—about $6 on top of the going average of $170 a ton.

Mr. Blough had taken some soundings within the company on the public relations aspects. Everyone realized that the move would not win any popularity prize, but the committee voted unanimously to go ahead.

With the decision made, Mr. Blough took a plane to Washington. Word was telephoned to the White House that he wanted to see the President and had something "important" to say about steel.

A few minutes after 5:45 the President received him in his oval office, motioned him to a seat on a sofa to his right and made himself comfortable in his rocking chair.

With little preliminary, Mr. Blough handed the President a four-page mimeographed press release that was about to be sent to newspaper offices in Pittsburgh and New York.

The President read:

"Pittsburgh, Pa., April 10 — For the first time in nearly four years United States Steel today announced an increase in the general level of its steel prices."

Mr. Kennedy raced through the announcement. Then he summoned Arthur J. Goldberg, the Secretary of Labor. Minutes later Mr. Goldberg reached the President's office from the Labor Department four blocks away.

Grimly, the President gave the paper to Mr. Goldberg and said it had been distributed to the press. Mr. Goldberg skimmed over it and asked Mr. Goldberg what was the point of the meeting, since the price decision had been made.

Mr. Blough replied that he thought he should personally inform the President as a matter of courtesy. Mr. Goldberg retorted it was hardly a courtesy to announce a decision and confront the President with an accomplished fact.

In the half-hour discussion that followed President Kennedy seems to have kept his temper. But Mr. Goldberg lectured Mr. Blough with some heat. The price increase, the Secretary said, would jeopardize the Government's entire economic policy. It would damage the interests of United States Steel itself. It would undercut responsible collective bargaining. Finally, he said, the decision could be viewed only as a double-cross of the President because the company had given no hint of its intentions while the Administration was urging the United Steelworkers of America to moderate its wage demands.

Mr. Blough, a former high school teacher turned lawyer and company executive, defended himself and the company in a quiet voice.

When he had gone President Kennedy called for the three members of his Council of Economic Advisers, Dr. Walter W. Heller, the chairman, a lean and scholarly looking man, came running from his office across the street. Dr. Kermit Gordon followed in three minutes. James [illegible] hurried to his office later in the day.

Into the President's office came Theodore C. Sorenson, the White House special counsel; Mr. O'Donnell and Andrew T. Hatcher, acting press secretary in the absence of Pierre Salinger, who was on vacation.

Now the President, who usually keeps his temper under rein, let go. He felt he had been double-crossed — deliberately. The office of the President had been affronted. The national interest had been flouted.

Bitterly, he recalled that: "My father always told me that all business men were sons-of-bitches but I never believed it till now!"

It was clear that the Administration would fight. No one knew exactly what could be done, but from that moment the awesome power of the Federal Government began to move.

**How It Developed**

To understand the [illegible] of the Kennedy Administration's background [illegible]

---

UNITED STATES STEEL CORPORATION
PUBLIC RELATIONS DEPARTMENT
71 BROADWAY, NEW YORK 6, N. Y.

TELEPHONE WHITEHALL 4-5000
TELEX TWX TELEPHONE NY 1-4674

FOR A.M. PAPERS
WEDNESDAY, APRIL 11, 1962

Pittsburgh, Pa., April 10 - For the first time in nearly four years, United States Steel today announced an increase in the general level of its steel prices. This "catch-up" adjustment, effective at 12:01 a.m. tomorrow, will raise the price of the company's steel products by an average of about 3.5 per cent -- or three-tenths of a cent per pound.

THE FIRST MOVE: Big Steel announced a 3.5 per cent increase in pri[illegible]

FOR IMMEDIATE RELEASE

United States Steel Corporation today a[illegible]

SECOND THOUGHT: Two days later increase was rescin[illegible]

against which the group in the President's office went to work.

By about 8 P. M. some decisions had been reached.

President Kennedy would deliver the first counter-attack at his news conference scheduled for 3:30 the following afternoon.

Messrs. Goldberg, Heller and Sorensen would gather material for the President's statement. Other material of a statistical nature would be prepared in a longer-range effort to prove the price increase was unjustified.

While the discussion was going on, the President called his brother, Robert F. Kennedy, the Attorney General; Secretary of Defense Robert S. McNamara, and the Secretary of the Treasury, Douglas Dillon, who had just arrived in Hobe Sound, Fla., for a short vacation.

At his home on Hillbrook Lane, Senator Estes Kefauver of Tennessee, chairman of the Senate Antitrust Subcommittee, was getting ready to go out for the evening. The phone rang. It was the President. Would Senator Kefauver publicly register "dismay" at the price increase and consider an investigation?

The Senator certainly would. He promised an investigation. So did the Justice Department.

In the President's office meanwhile, there had been some talk of what could be done to keep other steel companies from raising prices. Most of the discussion centered on the [illegible] rebuttal of the case [illegible] United States Steel.

Mr. Goldberg and Dr. Heller decided to pool resources. Mr. Goldberg called Hyman L. Lewis, chief of the Office of Labor Economics of the Bureau of Labor Statistics, and asked him to assemble a crew.

Mr. Lewis reached the [illegible] members of the bureau [illegible] special assistant [illegible] Commissioner of Labor Statistics; Arnold E. Chase, chief of the Division of Consumer Prices and Cost of Living, [illegible] Jerome Greenberg, chief of the Division of Productivity Data.

[illegible] them what was wanted [illegible] asked them to go to Dr. Heller's office in the old State Department Building.

Dr. Heller who had been working in the quiet of his office, hurried off after a few minutes to the German Ambassador's residence on Foxhall Road.

The Ambassador was giving a dinner, a black tie affair, in honor of Prof. Walter Hallstein, president of the European Common Market. The guests were filing into the meal when Dr. Heller arrived, looking, as one of the guests remarked, like Banquo's ghost in a tuxedo.

**White House Reception**

Back at the White House the President had also changed to black tie. The members of Congress and their wives were coming to his annual reception at 9:45. Ruefully, the President recalled that the news of the Cuban disaster had arrived during his reception in 1961.

"I'll never hold another Congressional reception," he remarked.

[illegible]

### *Story of Steel Gathered By a Team of Reporter[illegible]*

The adjoining account [illegible] the steel crisis was written [illegible] Wallace Carroll, with assistance from Richard E. Mooney, John D. Pomfret, Joseph Loftus, Anthony Lewis, E. W. Kenworthy, Peter Braestrup, Jack Raymond, Kenneth Smith and Austin C. Wehrwein.

Statistics left the session. [illegible] assignment from them on [illegible] to bring up to date a fact [illegible] on steel put out by the Eisenhower Administration two years ago.

The idea was to turn it into a kind of "white paper" which would show that the price increase was unjustified.

Toward 4 o'clock Dr. Heller and Dr. Tobin went home for two or three hours' sleep. Gordon [illegible]

As the normal working [illegible] began, President Kennedy held breakfast meeting at the White House with Vice President Johnson; Secretary of State Dean Rusk (who played no part in this crisis); Secretary of Defense McNamara, Mr. Sorensen, Mr. Goldberg, Mr. Feldman, Mr. Salinger, Douglas Dillon, Dr. Heller and Dr. Hatcher.

The [illegible] hour conference, Mr. [illegible] to draft a statement on the [illegible] conference. Mr. [illegible] him a two-page statement by the Bureau of Labor Statistics, headed: "Changes in Unit Employment Costs in the Steel Industry 1958 to 1962."

It began:

"Unit employment costs per hour for all wage and salaried employees in the basic iron and steel industry rose from 1958 to 1961; there was an equivalent increase in output per man-hour.

"As a result, employment costs per unit of steel output in 1961 were essentially the same as in 1958."

The latter sentence was quoted, with a fanfare, in the President's statement.

During the morning the President had called Secretary of Dillon in Florida and discussed with him the Treasury's work on tax write-offs that would encourage investment in more modern plant and machinery. The two decided that the course would not be altered.

Secretary of Commerce Luther H. Hodges, who was about to testify before a Senate Antitrust subcommittee. After giving his testimony Secretary Hodges spent most of the day on the phone to business men around the country.

In Wall Street that morning United States Steel shares opened at 70¾, up 2⅜ from the day before. But on Capitol Hill the company's stock was down.

Senator Mike Mansfield, the majority leader, called the price increase "unjustified." Speaker John W. McCormack said the company's action was "shocking," "arrogant," "irresponsible." Senator Hubert H. Humphrey, the Democratic whip, spoke [illegible] to his office [illegible] evening.

[illegible]nto the President's o[illegible]ame Theodore C. Sorenson, [illegible] White House special counse[illegible] Mr. O'Donnell and Andrew T[illegible] Hatcher, acting press secretary in the absence of Pierre Salinger, who was on vacation.

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**How It Developed**

To understand the m[illegible] of the Kenned[illegible] Administration's background [illegible]

or from any Government office to Joseph Block in Japan.

Though no concrete assurance was asked or volunteered in these conversations, the Administration gathered assurance that Inland would hold the line for at least another day or two.

Next came Armco, sixth largest in the nation. Walter Heller had a line into that company. So did others. Calls were made. And through these channels the Administration learned that Armco was holding off for the time being, but there would be no public announcement one way or the other.

Meanwhile, Mr. Gudeman had called a friend in the upper reaches of the Kaiser Company. Secretary McNamara had called a number of friends, one of them [illegible]-Jaidium, a [illegible]

[illegible] Lee Linder, a re[illegible]delphia bu[illegible]ociated Press, [illegible] phone call. [illegible] first Mr. [illegible] being [illegible]ed that [illegible] cents [illegible] two [illegible]

The Blough news conference was held in the ground floor auditorium at 71 Broadway. "Let me say respectfully," Mr. Blough began, "that we have no wish to add acrimony or misunderstanding."

On several occasions, he said, he had made it clear that United States Steel was in a cost-price torque that could not be tolerated forever, that a company without profits is a company that cannot modernize, and that the price increase would add "almost negligibly" to the cost of other products — $10.64 for the steel in a standard automobile, 2 cents for a toaster.

One question and answer in the fifty-eight-minute session caught the ears of people in Washington: Could United States Steel hold its new price advance and Inland stood pat?

"It would definitely affect [illegible]," conceded Mr. Blough. "I don't know how long we could maintain our position."

A half-hour after Mr. Blough finished, Secretary Hodges held a news conference in the Empire State Building.

But the words that probably hurt Steel the hardest came late in the day from two Pennsylvania Republicans — Representatives William W. Scranton, the [illegible]rty's candidate for Governor, and James E. Van Zandt, the [illegible]ndidate for Senator.

"The increase at this time," they wired Mr. Blough, "is wrong — wrong for Pennsylvania, wrong for America, wrong for the free world. The increase surely will set off another round of inflation. It will hurt people most who can least afford to be hurt."

**U.S. Serves Subpoenas**

Meanwhile, Justice Department agents appeared at the headquarters of United States Steel, Bethlehem, Jones & Laughlin and other companies with subpoenas for documents bearing on the price increase and other matters.

And at 7 P.M. Attorney General Kennedy announced that the Justice Department had ordered a grand jury investigation into the increase.

By that time, President and Mrs. Kennedy were getting ready for a holiday state dinner with the Shah and Empress — this time at the Iranian Embassy.

### FRIDAY

The first big news of the day came from Kyoto, Japan. Joseph Block, Inland's chairman, had told a reporter for the Chicago Daily News:

"We do not feel that an advance in steel prices at this time would be in the national interest."

That news heartened the Administration but it did not stop [illegible] or operations. Nor did Inland's official announcement from Chicago at 10:08 A. M. Washington time, that it would hold the price line.

At 10:15 Solicitor General Cox met in Mr. Sorensen's office with representatives of the Treasury, Commerce and Labor Departments, Budget Bureau and Council of Economic Advisers.

The discussion was on emergency wage-price legislation of one broad kinds:

First, ad hoc legislation limited to the current steel situation; second, permanent legislation imposing some mechanism on wages and prices in the steel industry alone, and third, permanent legislation for steel [illegible]

Mr. Goldberg had worked for healthy conditions in the steel industry. They had tried to create an atmosphere of cooperation in the hope of protecting the national interest. Now all this was gone.

The President, he went on, believed there had been a dozen or more occasions when the company's leaders could easily have told him that despite all he had done they might have to raise prices. But they never had told him. The President, to put it bluntly, felt double-crossed.

What Mr. Blough said in reply could not be learned. But he indicated at the end that he would welcome further talks and he hoped Mr. Clifford would participate in them. Mr. Clifford returned to Washington the same day.

Secretary Hodges, meanwhile, arrived at the University Club in New York at about 3:40, ten minutes after Mr. Blough had begun his news conference.

While Mr. Hodges shaved and changed his shirt, his assistant, William M. Ruder, tried to take notes on Mr. Blough's broadcast, but the static he heard sounded like the Grand Central shuttle.

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"It would definitely affect [illegible]," conceded Mr. Blough. "I don't know how long we could maintain our position."

A half-hour after Mr. Blough finished, Secretary Hodges held a news conference in the Empire State Building.

But the words that probably hurt Steel the hardest came late in the day from two Pennsylvania Republicans — Representatives William W. Scranton, the [illegible]rty's candidate for Governor, and James E. Van Zandt, the [illegible]ndidate for Senator.

"The increase at this time," they wired Mr. Blough, "is wrong — wrong for Pennsylvania, wrong for America, wrong for the free world. The increase surely will set off another round of inflation. It will hurt people most who can least afford to be hurt."

**U.S. Serves Subpoenas**

Meanwhile, Justice Department agents appeared at the headquarters of United States Steel, Bethlehem, Jones & Laughlin and other companies with subpoenas for documents bearing on the price increase and other matters.

And at 7 P.M. Attorney General Kennedy announced that the Justice Department had ordered a grand jury investigation into the increase.

By that time, President and Mrs. Kennedy were getting ready for a holiday state dinner with the Shah and Empress — this time at the Iranian Embassy.

### FRIDAY

The first big news of the day came from Kyoto, Japan. Joseph Block, Inland's chairman, had told a reporter for the Chicago Daily News:

"We do not feel that an advance in steel prices at this time would be in the national interest."

That news heartened the Administration but it did not stop [illegible] or operations. Nor did Inland's official announcement from Chicago at 10:08 A. M. Washington time, that it would hold the price line.

At 10:15 Solicitor General Cox met in Mr. Sorensen's office with representatives of the Treasury, Commerce and Labor Departments, Budget Bureau and Council of Economic Advisers.

The discussion was on emergency wage-price legislation of one broad kinds:

First, ad hoc legislation limited to the current steel situation; second, permanent legislation imposing some mechanism on wages and prices in the steel industry alone, and third, permanent legislation for steel [illegible]

Among those called were David L. Lawrence of Pennsylvania, Richard J. Hughes of New Jersey and Edmund G. Brown of California. But the National Committee said nothing in its own name. The smell of "politics" was not to be allowed to contaminate the Administration's efforts.

**A Morgan Man Called**

Another call was made by Robert V. Roosa, an Under Secretary of the Treasury, to Henry Alexander, chairman of Morgan Guaranty Trust Company in New York. Morgan is represented on United States Steel's board of directors and is widely considered one of the most powerful influences within the company.

Thus by nightfall on Wednesday—twenty-four hours after Mr. Blough's call on the President—the Administration was pressing forward on four lines [illegible] supporting the President and, second, to ask steel producers in their states to hold the price line.

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Thus by nightfall on Wednesday—twenty-four hours after Mr. Blough's call on the President—the Administration was pressing forward on four lines [illegible] to call the President. When he called he was asked what suggestions did he have for rolling back steel prices?

Mr. Cox had been chairman of the Wage Stabilization Board during the Korean War and had worked with young Senator Kennedy on statements about steel prices and strikes of the past.

After the call, Mr. Cox stayed up all night, thinking and making notes, mostly about legislation. From past experience Mr. Cox had concluded that the antitrust laws could not cope with the steel problem and that special legislation would be necessary.

Mr. Cox made his two speeches, flew back to Washington and stayed up most of that night working on the legislative draft.

But Mr. Cox was not the only one at work on the steel problem in the early hours of Thursday.

**Plans Outlook 'Abysmal'**

The discussion seems to have been a general one about what lay ahead. The outlook, said Mr. Clifford, was "abysmal."

United States Steel, he contended, had failed to weigh the consequences of its action. If it held this position, the interest and those of the industry would inevitably be damaged, and the nation as a whole would suffer.

While the talk was going on, Mr. Blough was called to the phone. Then Mr. Goldberg was called. Each received the same message. Bethlehem Steel had rescinded the price increase — the news had come through at 3:20 P. M.

President Kennedy heard the news while flying over Nebraska for a week-end with the fleet. It was unexpected.

The Administration had made no special effort with Bethlehem. To this day, officials here are uncertain what did it.

Among other things, Bethlehem's officials were struck by the Inland and Kaiser announcement that morning. Inland posed direct competition to Bethlehem's sales in the Midwest—the largest steel market, and Kaiser posed it on the West Coast.

Further, special questions were raised by the President's order to defense industries to shift their steel buying to mills that did not raise prices. What did this mean for Bethlehem's vast operations [illegible] a ship builder?

Whatever the compelling factors were, Bethlehem's decision brought the end of the battle clearly in sight. The competitive situation was such that United States Steel's executive committee was not called into session to reverse at its noon of the previous Tuesday. The company's officers acted on their own.

The big capitulation came at 5:28. Mrs. Barbara Gamarekian, a secretary in the White House press office, was checking the Associated Press news ticker. And there was the announcement—United States Steel had pulled back the price increase.

Mrs. Gamarekian tore it off and ran into the office of Mr. Sorensen, who was on the phone to the acting press secretary, Mr. Hatcher, in Norfolk.

"Well," Mr. Sorensen was saying, "I guess there isn't anything new."

Mrs. Gamarekian put the next bulletin under his eye.

"Wait a minute!" shouted Mr. Sorensen.

Mr. Hatcher gave the news to the President as he came off the nuclear submarine, Thomas A. Edison, in Norfolk.

It was just seventy-two hours since Roger Blough had dropped in on Mr. Kennedy.

[illegible]

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**This startling characterization of the businessmen of the United States by President Kennedy himself appeared Monday, April 23, in the New York *Times* in a story under the by-line of Wallace Carroll. The article, which began on Page 1, was under the heading: "Steel: A 72-Hour Drama With an All-Star Cast." It carried a Washington dateline.**

*This dramatization comes from one of America's greatest newspapers—the Nashville* Banner.

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## *The Leaders Are Led*

In government we see politicians forsaking the ideal of representative government, which requires that they be leaders of their people, and, instead, trying to cater to every whim of their constituents in order to cling to their jobs. We see legislators neglecting to cut the outrageous expenses and waste of government for fear of antagonizing patronage. We see executives and candidates deliberately ignoring certain great issues because they are dangerous.

As a people we seem to have abandoned the ideal that elective officers of our government should be leaders in the communities, districts, or states which they represent. Generally speaking, such officers no longer feel it their duty to exercise their own best judgment during their terms of office in handling public questions that come before them. They hesitate to express their own honest opinions. Instead, we find most of them "with an ear to the ground"—*a strange position for a leader.* Their chief endeavor seems to be, not to determine what is right, or what is best for the welfare of the people in general; they seek to find the opinion of the majority of voters upon whom they depend for reelection. They make no serious attempt to influence the uninformed opinion of their constituents, or to change it. They seem merely to cater to it. Such men are in no sense leaders. They are followers, and unless we have abandoned our ideals they have no proper place in our scheme of government.

—General John J. Pershing
"The Thing We Need Today"
*American Magazine*, December, 1932

### *JFK's Tax 'Victory'*

## An Important 'Little Bill'

*By Congresswoman Katharine St. George (R.-N. Y.)*

As you know, the tax bill, H. R. 10650, passed the House by a slender majority of 23 votes. It must be admitted that this was a very great surprise to the membership on both sides of the aisle. The popular reaction against the measure was practically unanimous throughout the country regardless of party, so it was reasonable to expect that such a measure would be defeated.

A few days later in the Rules Committee we found the answer to the riddle. A little bill from the Committee on Agriculture, raising the tariff on cotton and cotton goods, was trotted out with the pious hope that it would pass. Now, the interesting fact about this "little bill" is that it was rushed into print on March 27, and the tax bill was voted on on the 29th. Of course it was an interesting fact that between the 27th and the 29th a great deal of work was done to bring all the congressmen who were interested not only in textiles but in cotton into line. They were promised the help written into this "little bill" if they voted for the tax bill, and so it seems highly probable that in those 24 hours many votes were changed, and that brings us back to the truth of the saying that "there are tricks to all trades." But this trick may not be a complete success, because many of my colleagues who voted for the tax bill are getting some rather unfavorable reaction from the voters back home.

## Khrushchev's Incentive Plan

A Moscow dispatch April 4 from Preston Grover to the Associated Press reports that *Pravda*, the voice of the Communist party, has come out for individual bonus payments and incentives to workers to speed up production. *Pravda*, of course, is speaking for Khrushchev.

The plan, says Grover, represents an almost revolutionary change in Soviet working conditions in agriculture. It means scrapping the system of incentive payments to work brigades and other groups. Piece work bonuses for the individaul worker have existed in industry.

Incentive payments to groups have been made to encourage team spirit and collective morale.

The article is a directive to get more production through individual incentives and follows demands by Premier Khrushchev that more pay be offered for more work, especially on farms where harvests have been lagging for three years.

*Pravda* condemned the magazine *Economic Gazette* for publishing an article encouraging payment on a collective basis instead of individually.

*Economic Gazette* had argued that payment for individual productivity "cultivates individuality and weakens the strength of the collective."

"Leveling is inadmissible under any system of payment," said *Pravda's* criticism. "Like any unjustified haste in expansion of free services and advantages, leveling can only impair the cause of Communist construction, further advance of labor productivity and material well-being of people, development of Soviet science, technique and culture.

"Employment at some enterprises of payment for work according to collective piecework system, which considers final results, cannot be universal.

"The principle of payment in accordance with quantity and quality of work of each worker has served and continues to serve as a mighty means of advancing Socialist output," said *Pravda.*

### *Peace Corps: Labor of Love?*

*By Congressman H. R. Gross (R.-Iowa)*

When the Peace Corps was proposed last year, Congress and the nation were told it was to be a labor-of-love, down-to-earth operation that would cost but little. Now it is disclosed that the average salary in the Washington office, from typists to brass hats, is around $9,000 a year. Overseas, salaries of the directors generally range from around $15,000 to $17,150 a year, plus liberal living allowances.

In Malaya, for instance, where the Peace Corps has exactly 36 persons, the director is paid $16,320 a year and his deputy, $14,665. Both get living allowances in addition. What a labor of love that is! And how do these salaries compare with those paid in your own down-to-earth communities? Needless to say I voted against this foolishness.

*TIME TO LEARN*—"I nominate as understatement of the year: Roger Blough, 'Well, I think you gentlemen can readily see that I do not know anything about politics.' And I think it's about time businessmen did learn something about politics." (*Julius Wolff of Baltimore, Maryland, in a letter to the Wall Street Journal*)



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# Uncle Sam vs. State of Ohio

*Reprinted from the April 3 issue of the Personnel and Labor Relations Information Bulletin of the Indiana State Chamber of Commerce*

The US Department of Labor has threatened to cut off $17 million which it annually grants to the Ohio Bureau of Unemployment Compensation unless the state Bureau's appellate tribunal agrees to change two of its procedural rules. This $17 million, which is used to administer Ohio's state-wide employment security program, is, of course, derived entirely from the $30 million contributed annually by Ohio employers. If Washington should make good on its threat, Ohio's $200-million annual program to aid the unemployed would grind to a halt.

The Federal department insisted that the Ohio Board of Review make ten changes in its rules. The fact that these changes were not authorized by Ohio's law or were already incorporated into the Board's practice did not deter the Federal demand.

Having no alternative, the Board made the changes despite many objections raised by attorneys who regularly practiced before the Board.

Following these changes, suit was brought in the Court of Common Pleas to set six of the rule changes aside as being in contravention of the Ohio law. In his decision of October, 1961, Judge Draper ruled that four of the changes were valid, but that two went beyond the state statutes.

The Department of Labor is not satisfied, however. As late as March 6 of this year, it had informed the members of the Board that the Labor Department will discontinue paying the state's grant unless the two rules are put into effect.

It has been reported that the result of this fiasco places the State of Ohio in an impossible situation. If it fails to comply with Washington's mandate, it will have to close down its unemployment compensation program. But if it does comply, the Board of Review will be in contempt of the Court's decision.

To quote Congressman Samuel L. Devine of Columbus, "This is a living monument to the myth that Federal money does not bring Federal control."

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## *Administration Rabble-Rousing*

*By HOLMES ALEXANDER*

THE FEAR of Caesarism which obsessed the Founding Fathers has never yet proved a reality because the executive power is hedged on every side by Congress, by courts and by the people in the last resort.

But Mr. Kennedy proved that he has a weapon for which there is no effective political defense. He stooped to a quick show of class warfare. He illustrated how easily a popular President, by playing the demagogue, can set consumers against producers, wage-earners against profit-seekers, the ignorant against the informed. In a flash, Mr. Kennedy bared the blade of executive authority against which, in this hour, it is very doubtful that a majority of Congress and the Supreme Court would dare do their constitutional duty.

**In the days after Mr. Kennedy's victory, people in Washington were asking whether the next phase in steel would not be nationalization. Why not? If private companies cannot make the profits and attract new private investments, socialism might seem the only alternative.**

If this were clearly true, the country would know where it stands, and might be expected to battle for private enterprise. But, again, manipulation of public opinion by professional mind-twisters has taken place. It could be our undoing. AFL-CIO Vice President Walter P. Reuther called for a law that would require the steel industry leaders to give 60 to 90 days' advance notice on a price hike and, in effect, to defend the price increase before a quasi-judicial court.

This is rabble-rousing of the rawest order. Yet if steel were to pass from private ownership, the transition would take some tricky form such as this. And America could find itself "socialized" before Americans knew it.

Such calamities have suddenly become possible. We lie, as never before, I think, at the mercy of a President's restraint and discretion.

*(Distributed by McNaught Syndicate, Inc.)*

## It's a Poor Man's Tax!

*By Senator Norris Cotton (R.-N. H.)*

Even the income tax, despite its exemptions, will always be a poor man's tax. There is a deep-seated notion that Big Government somehow can be run without touching "the little fellow." But, unfortunately, there aren't enough "rich men." Tax experts reveal that if Uncle Sam seized all individual income over $25,000 a year, it would run the government not quite three days. . . . Lincoln once said "God must have loved the poor people—he made so many of them." By the same token, you can't run the government on the rich—there are so few of them. It's that extra dollar or two a week from those who can least afford it that brings in the billions.



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# The Stranglehold

"Thousands of Chicagoans are reported to be afraid to declare themselves Republicans in the April 10 primary election," the Chicago *Tribune* commented editorially on March 31. Added the *Tribune*:

"They [Republicans] fear that if they do so they will lose privileges they get through the Democratic machine, or suffer reprisals from office-holders who belong to the machine. Just as the citizens of Moscow find it prudent to vote as the party dictates, so do many Chicagoans.

"This is a terrifying situation, which ought to concern Democrats and independents as well as Republicans."

# Journalism Workshop Starting

The HUMAN EVENTS JOURNALISM WORKSHOP convenes June 26 for the Summer Session. Applications are now being accepted from serious, qualified student writers who will benefit from the experience of living and writing on Capitol Hill with limited guidance by the HUMAN EVENTS staff.

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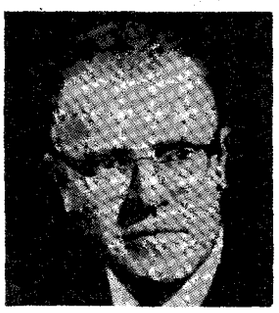

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